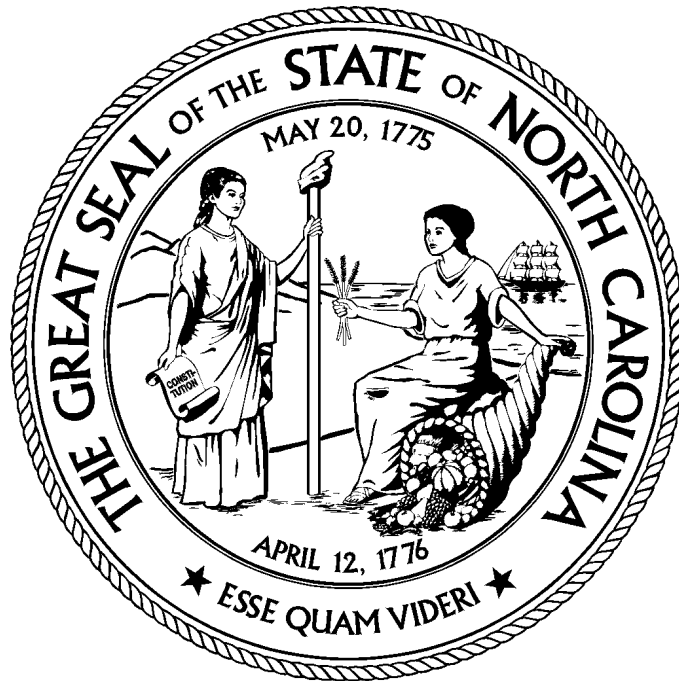


STATE OF NORTH CAROLINA

BINGO LAW



prepared by

NORTH CAROLINA
DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY
ALCOHOL LAW ENFORCEMENT DIVISION
4704 MAIL SERVICE CENTER
RALEIGH, NORTH CAROLINA 27699-4704

REPRINTED HEREIN ARE THOSE PORTIONS
OF THE GENERAL STATUTES WHICH DEAL WITH BINGO

Preface

The General Assembly, as part of the Appropriations Act of 1999, transferred all functions, powers, duties and obligations previously vested in the Department of Health and Human Services for the Bingo Program to the Department of Crime Control and Public Safety by Type I transfer as defined in G.S. 143A-6.

The Secretary of Crime Control and Public Safety, pursuant to his authority, as set out in G.S. 143B-10, has assigned the Bingo Program and primary responsibility for enforcement of bingo laws to the Division of Alcohol Law Enforcement.

For the purpose of clarity, and pursuant to the above referenced authority, statutory references to the Department of Human Resources (Reorganized as the Department of Health and Human Services in 1997) have been changed to the Department of Crime Control and Public Safety throughout this brochure.

§ 14-309.5. Bingo.

- (a) The purpose of the conduct of bingo is to insure a maximum availability of the net proceeds exclusively for application to the charitable, nonprofit causes and undertakings specified herein; that the only justification for this Part is to support such charitable, nonprofit causes; and such purpose should be carried out to prevent the operation of bingo by professionals for profit, prevent commercialized gambling, prevent the disguise of bingo and other game forms or promotional schemes, prevent participation by criminal and other undesirable elements, and prevent the diversion of funds for the purpose herein authorized.
- (b) It is lawful for an exempt organization to conduct bingo games in accordance with the provisions of this Part. Any licensed exempt organization who conducts a bingo game in violation of any provision of this Part shall be guilty of a Class 2 misdemeanor. Upon conviction such person shall not conduct a bingo game for a period of one year. It is lawful to participate in a bingo game conducted pursuant to this Part. It shall be a Class I felony for any person: (i) to operate a bingo game without a license; (ii) to operate a bingo game while license is revoked or suspended; (iii) to willfully misuse or misapply any moneys received in connection with any bingo game; or (iv) to contract with or provide consulting services to any licensee. It shall not constitute a violation of any State law to advertise a bingo game conducted in accordance with this Part.

§ 14-309.6. Definitions.

For purposes of this Part, the term:

- (1) "Exempt organization" means an organization that has been in continuous existence in the county of operation of the bingo game for at least one year and that is exempt from taxation under Section 501 (c)(3), 501 (c)(4), 501 (c)(8),

501 (c)(10), 501 (c)(19), or 501(d) of the Internal Revenue Code and is exempt under similar provisions of the General Statutes as a bona fide nonprofit charitable, civic, religious, fraternal, patriotic or veteran organization or as a nonprofit volunteer fire department, or as a nonprofit volunteer rescue squad or a bona fide homeowners' or property owners' association. (If the organization has local branches or chapters, the term "exempt organization" means the local branch or chapter operating the bingo game);

- (2) "Bingo game" means a specific game of chance played with individual cards having numbered squares ranging from one to 75, in which prizes are awarded on the basis of designated numbers on such cards conforming to a pre-determined pattern of numbers (but shall not include "instant bingo" which is a game of chance played by the selection of one or more prepackaged cards, with winners determined by the appearance of a preselected designation on the card);
- (3) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1107, effective July 6, 1984.
- (4) "Local law enforcement agency" means for any bingo game conducted outside the corporate limits of a municipality or inside the corporate limits of a municipality having no municipal police force:
 - a. The county police force; or
 - b. The county sheriff's office in a county with no county police force;
- (5) "Local law enforcement agency" means the municipal police for any bingo game conducted within the corporate limits of a municipality having a police force;
- (6) "Beach bingo games" means bingo games which have prizes of ten dollars (\$10.00) or less or merchandise that is not redeemable for cash and that has a value often dollars (\$10.00) or less; and
- (7) "Licensed exempt organization" means an exempt organization which possesses a currently valid license.

§ 14-309.7. Licensing procedure.

- (a) an exempt organization may not operate a bingo game at a location without a license. Application for a bingo license shall be made to the Department of Crime Control and Public Safety on a form prescribed by the Department. The Department shall charge an annual application fee of one hundred dollars (\$100.00) to defray the cost of issuing bingo licenses and handling bingo audit reports. The fees collected shall be deposited in the General Fund of the State. This license shall expire one year after the granting of the license. This license may be renewed yearly, if the applicant pays the application fee and files an audit with the Department pursuant to G.S. 14-309.11. A copy of the application and license shall be furnished to the local law enforcement agency in the county or municipality in which the licensee intends to operate before bingo is conducted

by licensee.

- (b) Each application and renewal application shall contain the following information:
 - (1) The name and address of the applicant and if the applicant is a corporation, association or other similar legal entity, the name and home address, of each of the officers of the organization as well as the name and address of the director, or other persons similarly situated, of the organization.
 - (2) The name and home address of each of the members of the special committee.
 - (3) A copy of the application for recognition of exemptions and a determination letter from the Internal Revenue Service and the Department of Revenue that indicates that the organization is an exempt organization and stating the section under which that exemption is granted; except that if the organization is a State or local branch, lodge, post, or chapter of a national organization, a copy of the determination letter of the national organization satisfies this requirement.
 - (4) The location at which the applicant will conduct the bingo games. If the premises are leased, a copy of the lease or rental agreement.
- (c) In order for an exempt organization to have a member familiar with the operation of bingo present on the premises at all times, when bingo is being played and for this member to be responsible for the receiving, reporting and depositing of all revenues received, the exempt organization may pay one member for conducting a bingo game. Such pay shall be on an hourly basis only for the time bingo is actually being played and shall not exceed one and one-half times the existing minimum wage in North Carolina. The member paid under this provision shall be a member in good standing of the exempt organization for at least one year and shall not be the lessor or an employee or agent of the lessor. No other person may be compensated for conducting a bingo game from funds derived from any activities occurring in, or simultaneously with, the playing of bingo, including funds derived from concessions. An exempt organization shall not contract with any person for the purpose of conducting a bingo game. Except as provided in subsection (e) of this section, an exempt organization may hold a bingo game only in or on property owned (either legally or equitably and the buildings must be of a permanent nature with approved plumbing for bathrooms and not movable or of a temporary nature such as a tent or lean-to) or leased by the organization from the owner or bona fide property management agent (no subleasing is permitted) at a total monthly rental in an amount not to exceed one and one-quarter percent (1 ¼%) of the total assessed ad valorem tax value of the portion of the building actually used for the bingo games and the land value on which the building is located (not to exceed two acres) for all activities conducted therein including the playing of bingo for a period of not less than one year and actually occupied and used by the organization on a regular basis for purposes other than bingo for at least six months before the game; and all equipment used by the exempt organization in conducting the bingo game must be owned by the

organization. Unless the exempt organization leases the property in accordance with this subsection, an exempt organization may conduct a bingo game only in or on property that is exempt from property taxes levied under Subchapter II of Chapter 105 of the General Statutes, or that is classified and not subject to any property taxes levied under Subchapter II of Chapter 105 of the General Statutes. It shall be unlawful for any person to operate beach bingo games at a location which is being used by any licensed exempt organization for the purpose of conducting bingo games.

- (d) Conduct of a bingo game under this Part on such property shall not operate to defeat an exemption or classification under Subchapter II of Chapter 105 of the General Statutes.
- (e) An exempt organization that wants to conduct an annual or semi-annual bingo game may apply to the Department of Crime Control and Public Safety limited occasion permit. The Department of Crime Control and Public Safety may require such information as is reasonable and necessary to determine that the bingo game is conducted in accordance with the provisions of this Part but may not require more information than previously specified in this section for application of a regular license. The application shall be made to the Department on prescribed forms at least 30 days prior to the scheduled date of the bingo game. In lieu of the reporting requirements of G.S. 14-309.11(b) the exempt organization shall file with the licensing agency and local law enforcement a report on prescribed forms no later than 30 days following the conduct of the bingo game for which the permit was obtained. Such report may require such information as is reasonable and necessary to determine that the bingo game was conducted in accordance with the provisions of this Part but may not require more information than specified in G.S. 14-309.11(b). Any licensed exempt organization may donate or loan its equipment or use of its premises to an exempt organization which had secured a limited occasion permit provided such arrangement is disclosed in the limited occasion permit application and is approved by the Department of Crime Control and Public Safety. Except as stated above, all provisions of this Part shall apply to any exempt organization operating a bingo game under this provision.

§ 14-309.8. Limit on sessions.

The number of sessions of bingo conducted or sponsored by an exempt organization shall be limited to two sessions per week and such sessions must not exceed a period of five hours each per session. No two sessions of bingo shall be held within a 48-hour period of time. No more than two sessions of bingo shall be operated or conducted in any one building, hall or structure during any one calendar week and if two sessions are held, they must be held by the same exempt organization. This section shall not apply to bingo games conducted at a fair or other exhibition conducted pursuant to Article 45 of Chapter 106 of the General Statutes.

§ 14-309.9. Bingo and raffle prizes.

- (a) The maximum prize in cash or merchandise that may be offered or paid for any one game of bingo is five hundred dollars (\$500.00). The maximum aggregate amount of prizes, in cash and/or merchandise, that may be offered or paid at any one session of bingo is one thousand five hundred dollars (\$1,500). Provided, however, that if an exempt organization holds only one session of bingo during a calendar week, the maximum aggregate amount of prizes, in cash and/or merchandise, that may be offered or paid at any one session is two thousand five hundred dollars (\$2,500).
- (b) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1107, effective July 6, 1984.
- (c) This section shall not apply to bingo games conducted at a fair or other exhibition conducted pursuant to Article 45 of Chapter 106 of the General Statutes.

§ 14-309.10. Operation of raffles and bingo.

The operation of bingo games shall be the direct responsibility of, and controlled by, a special committee selected by the governing body of the exempt organization in the matter provided by the rules of the exempt organization.

§ 14-309.11. Accounting and use of proceeds.

- (a) All funds received in connection with a bingo game shall be placed in a separate bank account. No funds may be disbursed from this account except the exempt organization may expend proceeds for prizes, advertising, utilities, and the purchase of supplies and equipment used [in conducting the raffle and] in playing bingo, taxes and license fees related to bingo and the payment of compensation as authorized by G.S. 14-309.7(c) and for the purposes set forth below for the remaining proceeds. Such payments shall be made by consecutively numbered checks. Any proceeds available in the account after payment of the above expenses shall inure to the exempt organization to be used for religious, charitable, civic, scientific, testing, public safety, literary, or educational purposes or for purchasing, constructing, maintaining, operating or using equipment or land or a building or improvements thereto owned by and for the exempt organization for use by the general public from time to time, or to foster amateur sports competition, or for the prevention of cruelty to children or animals, provided that no proceeds shall be used or expended for social functions for the members of the exempt organization.
- (b) An audit of the account required by subsection (a) of this section shall be prepared annually for the period of January 1 through December 31 or otherwise as directed by the Department of Crime Control and Public Safety and shall be filed with the Department of Crime Control and Public Safety and the local law-enforcement agency at a time directed by the Department of Crime Control and Public Safety. The audit shall be prepared on a form approved by the Department of Crime Control and Public Safety and shall include the following information:

- (1) The number of bingo games conducted or sponsored by the exempt organization;
 - (2) The location and date at which each bingo game was conducted and the prize awarded;
 - (3) The gross receipts of each bingo game;
 - (4) The cost or amount of any prize given at each bingo game;
 - (5) The amount paid in prizes at each session;
 - (6) The net return to the exempt organization; and
 - (7) The disbursements from the separate account and the purpose of those disbursements, including the date of each transaction and the name and address of each payee.
- (c) Any person who shall willfully furnish, supply, or otherwise give false information in any audit or statement filed pursuant to this section shall be guilty of a Class 2 misdemeanor.
- (d) All books, papers, records and documents relevant to determining whether an organization has acted or is acting in compliance with this section shall be open to inspection by the law-enforcement agency or its designee, or the district attorney or his designee, or the Department of Crime Control and Public Safety at reasonable times and during reasonable hours.

§ 14-309.12. Violation is gambling.

A bingo game conducted otherwise than in accordance with the provisions of this Part is "gambling" within the meaning of G.S. 19-1 et seq., and proceedings against such bingo game may be instituted as provided for in Chapter 19 of the General Statutes.

§ 14-309.13. Public sessions.

Any exempt organization operating a bingo game which is open to persons other than members of the exempt organization, their spouses, and their children shall make such bingo game or open to the general public.

§14-309.14. Beach bingo.

Nothing in this Article shall apply to "beach bingo" games except for the following subdivisions:

- (1) No beach bingo game may offer a prize having a value greater than ten dollars (\$10.00). Any person offering a greater than ten-dollar (\$10.00) but less than fifty-dollar (\$50.00) prize is guilty of a Class 2 misdemeanor. Any person offering a prize of fifty dollars (\$50.00) or greater is guilty of a Class I felony.
- (2) No beach bingo game may be held in conjunction with any other lawful bingo game, with any "promotional bingo game", or with any offering of an opportunity to obtain anything of value, whether for valuable consideration or not. No beach bingo game may offer free bingo games as a promotion, for prizes or otherwise. Any person who violates this subsection is guilty of a Class I felony.

§ 14-289. Advertising lotteries.

Except in connection with a lawful raffle as provided in Part 2 of this Article, if anyone by writing or printing or by circular or letter or in any other way, advertise or publish an account of a lottery, whether within or without this State, stating how, when or where the same is to be or has been drawn, or what are the prizes therein or any of them, or the price of a ticket or any share or interest therein, or where or how it may be obtained, he shall be guilty of a Class 2 misdemeanor.